

Message Text

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44

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 PA-04 PRS-01

USIA-15 SCI-06 FEA-02 SAM-01 NSC-10 SS-20 STR-08

CEA-02 DRC-01 /182 W
----- 103698

R 081233Z FEB 74

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 9274

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

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CCAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: EFIN, SF

SUBJ: SOUTH AFRICAN GOLD AND FOREIGN EXCHANGE RESERVES

REF: PRETORIA 0361

1. SOUTH AFRICAN RESERVE BANK HOLDINGS FOR WEEKS ENDING
JANUARY 25 AND FEBRUARY 1, 1974, AS FOLLOWS (IN MILLION RAND):

	JAN 25	FEB 1
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GOLD	551.0 (DOWN 3.3)	549.2 (DOWN 1.8)
FOREIGN EXCHANGE	221.5 (UP 6.8)	225.2 (UP 3.7)

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TOTAL	772.5 (UP 3.5)	774.4 (UP 1.9)
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2. FIVE-MONTH DOWNWARD TREND IN RESERVE HOLDINGS FROM AUG 10
HIGH OF R 1,261 NOW SEEMS TO HAVE BEEN REVERSED AS RB CLOSED
ITS ACCOUNTS FOURTH WEEK RUNNING WITH SLIGHT INCREASE. WHILE
DRAWDOWNS HAS BEEN EXPECTED AS ECONOMY BEGAN PICK UP STEAM,
MAGNITUDE OF DECLINE, COMBINED WITH OTHER FACTORS SUCH AS
UNCERTAIN OUTLOOK FOR GOLD, INFLATION AND FUEL CRISIS HAD
BEEN CAUSE FOR SOME CONCERN AMONG SOME SECTORS FINANCIAL AND
BUSINESS COMMUNITY. GOVERNMENT OFFICIALS AND BUSINESS LEADERS
NOW, HOWEVER, ONCE AGAIN SOUNDING OPTIMISTIC ABOUT RESERVE
POSITIONS AND ABOUT ECONOMIC PROSPECTS FOR 1974 IN GENERAL --
PARTICULARLY AS DOUBTS RE SA'S ABILITY WEATHER OIL CRISIS
BEGIN TO WANE. CONTINUING HIGH FREE MARKET GOLD PRICE HAS
OBVIOUSLY HAD SALUBRIOUS EFFECT ON ECONOMIC OUTLOOK AND
INTERPRETATION IN LOCAL COMMENT IS THAT PRICE WILL CONTINUE
HOVER AROUND \$140 MARK OR HIGHER AS LONG AS CRUDE OIL PRICES
REMAIN AT PRESENT HIGH LEVELS. ADDITIONAL FACTOR IN WHAT
APPEARS BE REVIVAL OF BUSINESS CONFIDENCE HAS BEEN PASSING,
AT LEAST FOR TIME BEING, OF RAND DEVALUATION TALK.
SMITH

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NNN

Message Attributes

Automatic Decaptioning: X
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Concepts: GOLD, FOREIGN EXCHANGE, BANK RESERVES, BANK DATA, ECONOMIC ESTIMATES
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Disposition Authority: morefirh
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Disposition Date: 28 MAY 2004
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Disposition Remarks:
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30 JUN 2005

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